

EXHIBIT C TO DECLARATION OF CONDOMINIUM

Bylaws

The Exchange Building Condominium Association, Inc.

DRAFT — FOR DISCUSSION PURPOSES ONLY

THIS IS A DRAFT. Must be reviewed and approved by qualified Tennessee condominium counsel before adoption.

Article I. Association

1. **Name.** The Exchange Building Condominium Association, Inc. (the "Association"), a Tennessee nonprofit corporation.
2. **Principal Office.** 9 North Second Street, Memphis, Tennessee 38103.
3. **Fiscal Year.** January 1 through December 31, unless changed by the Board.
4. **Applicability.** These Bylaws govern the administration and operation of The Exchange Building, a Condominium (the "Condominium"), pursuant to the Declaration of Condominium (the "Declaration") and the Tennessee Condominium Act of 2008 (the "Act"). In the event of conflict, the Act prevails over the Declaration, and the Declaration prevails over these Bylaws.

Article II. Membership and Voting

1. **Membership.** Every Unit Owner shall automatically be a member of the Association. Membership is appurtenant to and may not be separated from Unit ownership.
2. **Voting Rights.** Each Unit Owner shall have votes equal to its allocated interest as set forth in the Declaration:
 - Unit A: [23.01]% of total votes
 - Unit B: [76.99]% of total votes

3. **Proxies.** A Unit Owner may vote by proxy executed in writing and delivered to the Secretary of the Association prior to any meeting. No proxy shall be valid after [11] months from the date of execution unless otherwise provided in the proxy.
4. **Action Without Meeting.** Any action required or permitted to be taken at a meeting may be taken without a meeting if written consent is signed by Unit Owners holding sufficient votes to authorize the action at a meeting.

Article III. Board of Directors

1. **Number and Composition.** The Board shall consist of three (3) directors.
 - a. During the Declarant Control Period: The Declarant appoints all three directors.
 - b. After the Declarant Control Period: Unit B appoints two (2) directors; Unit A appoints one (1) director.
2. **Term.** Each director shall serve a term of [2] years or until a successor is appointed by the appointing Unit Owner.
3. **Removal.** A director may be removed at any time, with or without cause, by the Unit Owner that appointed such director.
4. **Vacancies.** Any vacancy on the Board shall be filled by the Unit Owner entitled to appoint that director position.
5. **Compensation.** Directors shall not receive compensation for service on the Board, but may be reimbursed for reasonable expenses incurred in performing Board duties.
6. **Standard of Care.** Directors shall discharge their duties in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the director reasonably believes to be in the best interests of the Association.

Article IV. Officers

1. **Officers.** The Association shall have the following officers, elected by the Board from among the directors:
 - a. **President:** Presides at meetings, executes documents, general supervision of Association affairs.
 - b. **Secretary:** Records minutes, maintains records, provides notices, certifies documents.
 - c. **Treasurer:** Oversees finances, maintains accounts, prepares budgets and financial statements.
2. **Election.** Officers shall be elected at the first Board meeting following each annual meeting.
3. **Removal.** Any officer may be removed by a majority vote of the Board.
4. **Multiple Offices.** One person may hold more than one office, except that the President and Secretary shall not be the same person.

Article V. Meetings

1. **Annual Meeting.** The Association shall hold an annual meeting of the Unit Owners within [90] days after the close of each fiscal year, at a time and place designated by the Board.

2. **Special Meetings.** Special meetings may be called by:
 - a. The President;
 - b. A majority of the Board; or
 - c. Unit Owners holding at least [25]% of the total allocated interests.
3. **Notice.** Written notice of each meeting shall be given to all Unit Owners not less than [10] nor more than [60] days before the meeting. Notice may be delivered by hand, mail, or email to the address registered with the Association.
4. **Quorum.** Unit Owners holding at least [51]% of the total allocated interests, present in person or by proxy, shall constitute a quorum. Because Unit B alone holds [76.99]%, the attendance of either Unit Owner constitutes a quorum.
5. **Board Meetings.** The Board shall meet at least quarterly. Board meetings may be conducted in person, by telephone, or by video conference. A majority of directors constitutes a quorum for Board meetings.
6. **Open Meetings.** All Board meetings shall be open to Unit Owners. Unit Owners may observe but shall not participate unless invited by the Board.

Article VI. Assessments and Finances

1. **Annual Budget.** The Board shall adopt an annual budget not less than [30] days before the beginning of each fiscal year. The budget shall include:
 - a. Estimated Common Expenses for the year
 - b. Allocation of expenses between Units per the Declaration
 - c. Contributions to reserve funds
 - d. Any anticipated special assessments
2. **Regular Assessments.** Based on the adopted budget, the Board shall levy regular monthly assessments against each Unit, due on the first day of each month.
3. **Special Assessments.** The Board may levy special assessments as provided in the Declaration.
4. **Late Charges.** Assessments not paid within [15] days of the due date shall bear interest at the rate of [10]% per annum or the maximum rate permitted by Tennessee law, whichever is less, plus a late fee of \$[_____] per month.
5. **Reserve Fund.** The Association shall maintain a reserve fund for capital repairs and replacements. The Board shall cause a reserve study to be conducted at least every [5] years.
6. **Financial Records.** The Association shall maintain accurate financial records. The Treasurer shall prepare or cause to be prepared:
 - a. Monthly financial statements
 - b. Annual financial statements (reviewed or audited by a CPA if the annual budget exceeds \$[_____])
 - c. Annual tax returns as required

7. **Bank Accounts.** All Association funds shall be deposited in federally insured financial institutions. Withdrawals exceeding \$[5,000] shall require two signatures.

Article VII. Records and Inspection

1. **Records Maintained.** The Association shall maintain:
 - a. The Declaration, Bylaws, and all amendments thereto
 - b. Minutes of all meetings of the Board and Unit Owners
 - c. Financial records, budgets, and tax returns for the preceding [7] years
 - d. A current roster of Unit Owners and their contact information
 - e. All contracts to which the Association is a party
 - f. Insurance policies
2. **Right of Inspection.** Any Unit Owner, or its authorized agent, may inspect the Association's records during normal business hours upon [5] business days' written notice. The Association may charge a reasonable fee for copying.

Article VIII. Indemnification

1. **Indemnification of Directors and Officers.** The Association shall indemnify each director and officer against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred in connection with any action, suit, or proceeding to which such person is a party by reason of being or having been a director or officer, except for acts of willful misconduct or gross negligence.

Article IX. Amendment

1. **Amendment.** These Bylaws may be amended by the affirmative vote or written consent of Unit Owners holding at least [67]% of the total allocated interests.
2. **Notice.** Proposed amendments shall be provided to all Unit Owners at least [30] days prior to any vote thereon.

Article X. Miscellaneous

1. **Conflict.** In the event of conflict: the Act prevails over the Declaration and these Bylaws; the Declaration prevails over these Bylaws.
2. **Severability.** If any provision is held invalid, the remaining provisions continue in effect.
3. **Construction.** These Bylaws shall be liberally construed to effectuate their purpose.
4. **Waiver.** No failure to enforce any provision shall constitute a waiver of the right to enforce it in the future.

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